

Message Text

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12
ACTION EA-09

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E.O. 11652: N/A
TAGS: AFSP, MY
SUBJECT: BUREC TECHNICAL ASSISTANCE TEAM

REF: KUALA LUMPUR 4676

1. SUMMARY. FOLLOWING CONVERSATION WITH ACTING SECRETARY GENERAL OF MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT, WE HAVE DECIDED TO WITHHOLD WRITTEN NOTICE OF INTENT TOTERMINATE BUREAU OF RECLAMATION AGREEMENT FOR FOUR WEEKS. BASIS OF DECISION IS APPARENT DETERMINATION OF SYG TO SOLVE TEAM PROBLEMS. HIS CONVICTION THAT WE ARE QUITE SERIOUS ABOUT TERMINATION IS VITAL INGREDIENT IN HIS DETERMINATION. END SUMMARY.

2. DCM MET WITH ABDUL AZMI BIN ABDUL TAHRIM, ACTING SECRETARY GENERAL, MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT, ON AUGUST 24 TO DISCUSS BUREAU OF RECLAMATION TEAM. DEPARTMENT OF IRRIGATION ENGINEER WHO WORKS WITH TEAM AND MFA OFFICIAL (TAKING COPIOUS NOTES) ALSO PRESENT. DCM TOLD AZMI THAT USG PREPARED TO GIVE NOTICE OF INTENT TO TERMINATE AGREEMENT ON GROUNDS GOM FAILED TO FULFILL ITS OBLIGATIONS REGARDING PRIVILEGES AND IMMUNITIES OF TEAM UNDER ARTICLE IV PARA 3 OF THE AGREEMENT. HE WISHED, HOWEVER, TO REVIEW ENTIRE SITUATION FROM BEGINNING SO THAT PROBLEMS COULD BEESEEN IN PERSPECTIVE. DCM THEN PROCEEDED TO LAY OUT THOSE PROBLEMS THAT WE HAVE PREVIOUSLY REPORTED; IMMIGRATION'S REFUSAL TO GIVE DAVIS PERMANENT VISA; CUSTOM'S REFUSAL TO CLEAR PROFESSIONAL EQUIPMENT FOR TEAM;
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FEDERAL GOVERNMENT'S INABILITY TO GET SELANGOR STATE

GOVERNMENT TO ALLOW TEAM ACCESS TO DAMS; AND THE REFUSAL OF THE GOM TO ABSOLVE THE TEAM FOR ROAD AND EXCISE TAXES. DCM SAID ALL OF THESE PROBLEMS TOGETHER RAISED QUESTIONS IN OUR MINDS ABOUT SERIOUSNESS OF GOM IN REQUESTING TEAM AND SAID THAT WE HAD CONCLUDED THAT THE AGREEMENT HAD BEEN A MISTAKE.

3. AZMI, WHO WAS WELL BRIEFED ON MOST OF THE PROBLEMS RAISED, WENT DOWN LIST EXPRESSING CONFIDENCE THAT PROBLEMS COULD BE SOLVED AND EXPLAINING IN EACH CASE HOW HE PLANNED TO HANDLE THEM. HE SAID HERETOFORE ATTEMPTS HAD BEEN MADE TO SOLVE THESE THINGS AT WORKING LEVEL AND IN FACT, UNTIL A FEW DAYS AGO HE HAD NOT REALIZED THE EXTENT OF THE PROBLEMS. HE TERMED ACTIONS OF IMMIGRATION AND CUSTOMS "INTOLERABLE" IN HAVING PLACED OBSTACLES IN FRONT OF TEAM BADLY NEEDED FOR MALAYSIA'S DEVELOPMENT. ECHOING DCM'S REMARK THAT GOM NOT DOING USG A FAVOR BY ACCEPTING TEAM, HE ASKED RHETORICALLY, "DON'T THESE PEOPLE UNDERSTAND WE NEED TEAM AND HAVE ASKED TEAM HERE?" MFA OFFICIAL PRESENT SAID PROBLEM WAS THAT EACH MINISTRY, E.G., FINANCE AND HOME AFFAIRS, BOUND BY NARROWLY DEFINED GUIDELINES THEY FOUND IMPOSSIBLE TO VIOLATE. IT WOULD BE NECESSARY, HE SAID, TO GET CABINET APPROVAL FOR MORE FLEXIBLE PROCEDURES. AZMI SAID HE WOULD GO TO CABINET IF NECESSARY BUT THAT HE COULD NOT BELIEVE THAT THESE "PROCEDURAL" PROBLEMS COULD NOT BE SOLVED. QUESTION OF SELANGOR STATE COOPERATION WAS DIFFICULT POLITICALLY BECAUSE VILLAGERS IN AREA FELT THAT ANY EXPANSION OF DAM WOULD COST THEM LAND. THIS WAS PROBLEM GOM WAS MOVING TO SOLVE BUT IT TOOK TIME. MOST DIFFICULT PROBLEM, HOWEVER, WAS QUESTION OF TEAM'S IMMUNITY FROM ROAD AND EXCISE TAXES. DCM INTERJECTED THAT HE HAD LETTER IN HAND FROM DIRECTOR GENERAL OF DRAINAGE AND IRRIGATION DEPARTMENT OF MOA SAYING THIS PROBLEM COULD NOT BE SOLVED. AZMI SAID TO DISREGARD LETTER, HE WOULD ATTEMPT TO SOLVE THAT PROBLEM ALSO. HE QUESTIONED DCM CLOSELY ON PRECISELY WHAT TREATMENT OTHER NON-DIPLOMATIC USG EMPLOYEES RECEIVED IN MALAYSIA. HE SAID HE WOULD ATTEMPT TO SEE THAT BUREC TEAM RECEIVES THOSE SAME PRIVILEGES AND WERE REIMBURSED FOR ROAD TAXES THEY HAD PAID. DCM LIMITED OFFICIAL USE

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STRESSED THAT QUESTION OF TEAM'S TAX EXEMPTIONS WERE IMPORTANT MATTER OF PRINCIPLE TO USG. IT WAS NOT A QUESTION OF WHETHER DAVIS AND HIS TEAM WERE WILLING TO PAY TAXES-USG WANTED AGREEMENT TO BE OBSERVED FULLY. AZMI SAID HE TOOK POINT AND THAT HE UNDERSTOOD OUR INSISTENCE ON GOM LIVING UP TO LETTER OF AGREEMENT. HE WAS BOUND TO SAY THAT THERE WAS AMBIGUITY IN THE WORDING OF THE AGREEMENT BUT THAT HE COULD NOT SAY USG

INTERPRETATION WAS UNREASONABLE ONE. IT SEEMED LIKELY IN HIS VIEW THAT WHEN AGREEMENT BEING NEGOTIATED IMMUNITY FROM LOCAL TAXES WAS INTENDED ALTHOUGH GOM DID NOT HAVE FULL NEGOTIATING RECORD THAT COULD CLARIFY THIS POINT.

4. THE FOREGOING IS A SYNOPSIS OF A CONVERSATION THAT LASTED ONE AND A HALF HOURS. DCM WAS IMPRESSED WITH AZMI'S SERIOUSNESS AND APPARENT DESIRE TO SOLVE PROBLEMS, E.G., AZMI, WITHOUT PROMPTING, SAID GOM PREPARED TO INVEST M\$5,000,000 IN PROJECT BECAUSE QUESTIONS OF WATER SUPPLY AND FLOOD CONTROL VITAL TO THE PEOPLE OF THE FEDERAL DISTRICT; THEREFORE HIS MINISTRY WAS NOT GOING TO LET PROJECT DOWN DRAIN BECAUSE OF RELATIVELY MINOR PROBLEMS. HE QUOTED MALAYSIAN PROVERB TO EFFECT THEIR IF ONE COULD AFFORD TO BUY AN ELEPHANT ONE COULD ALSO BUY THE STICK TO GUIDE THE ELEPHANT.

5. IN END, DCM DID NOT LEAVE TERMINATION NOTICE. WE BELIEVE AZMI IS CONVINCED THAT WE ARE PREPARED TO TERMINATE AGREEMENT. WE ARE UNABLE TO JUDGE HIS ASSERTION HE HAD NOT KNOWN EXTENT OF PROBLEMS UNTIL LAST FEW DAYS (IN VIEW OUR REPRESENTATIONS AT MFA AND DAVIS CONVERSATIONS WITH DIRECTOR GENERAL OF DID) BUT WE WISH TO GIVE HIM A LITTLE MORE TIME. OUR JUDGEMENT IS THAT FOUR WEEKS WILL BE ENOUGH TO SEE WHETHER HE AND HIS MINISTRY CAN MAKE EFFECTIVE EFFORT. IF PROBLEMS ARE NOT WELL ON THEIR WAY TO SOLUTION AT END OF FOURTH WEEK WE WILL DELIVER LETTER AND SET CLOCK RUNNING. THIS, OF COURSE, WILL GIVE GOM YET NINETY MORE DAYS IN WHICH TO SOLVE PROBLEMS. AT VERY LEAST, WE BELIEVE WE HAVE GOTTEN THEIR ATTENTION.
UNDERHILL

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